

**EXECUTIVE SECRETARIAT**  
ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR		X (2)		
4	D/ICS		X (3)		
5	DDI				
6	DDA		X (4)		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC		X (5)		
11	IG				
12	Compt		X (6)		
13	D/OLL				
14	D/PAO				
15	D/PERS				
16	VC/NIC				
17	ER		(1)		
18					
19					
20					
21					
22					
SUSPENSE		Date			

Remarks

Executive Secretary  
11 Jul 86

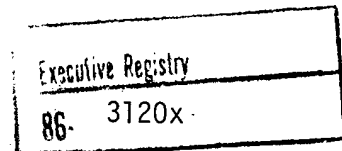
Date

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503



July 8, 1986

M-86-24

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: James C. Miller III  
Director

SUBJECT: Actions Required in Response to Supreme Court Decision in Gramm-Rudman-Hollings Case

1. This Memorandum provides instructions to the heads of all agencies about actions that may or may not be required in response to the decision by the Supreme Court invalidating some of the procedures under which some FY 1986 funds were sequestered pursuant to the Gramm-Rudman-Hollings Act.

2. BACKGROUND. The Supreme Court of the United States has held that certain of the procedures governing the sequestration process were unconstitutional because of the role of the Comptroller General in that process. The decision, which upheld the argument of the Department of Justice on this point, if implemented would invalidate the President's February 1st Order sequestering funds for FY 1986. The Supreme Court, however, stayed the effect of its decision for no more than 60 days in order to permit Congress to exercise the fallback mechanism which was built into the statute -- under which Congress could enact a simple joint resolution affirming the sequester.

3. ACTION REQUIRED. No action is required of any agency at this time. Since the Supreme Court stayed the effectiveness of its order, the funds which were sequestered on February 1st remain frozen and may not be obligated by the agencies during the pendency of the stay. Accordingly, for the next 60 days or until Congress acts, the Supreme Court's decision does not affect the status of any sequestered funds.

Under the fallback provision of Gramm-Rudman-Hollings, a Congressional Temporary Joint Committee on Deficit Reduction will be established. A Joint Report of the Directors of the Office of Management and Budget and the Congressional Budget Office will be transmitted to the Temporary Joint Committee for appropriate action. The Committee is required to report within five days a joint resolution to reinstate the sequester. Both Houses of Congress are required to vote on the resolution within five days. The joint resolution then will be transmitted to the President for approval or veto. Once an implementing joint resolution has been enacted, the President's sequester order will again have full legal force and effect.



Agencies should not take any steps to obligate the funds sequestered under Gramm-Rudman-Hollings until they receive explicit instructions from the Office of Management and Budget. I will issue additional guidance to the agencies upon the reinstatement of the sequester, pursuant to the fallback mechanism, or the expiration of the stay, whichever occurs first.

Thank you for your cooperation in this matter.



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Executive Registry

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